

Ineffective Policies and Diffuse Oversight Result in Inefficient Use of State-Owned Vehicles

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Sean P. Hamel, Senior Program Evaluator



Handouts

The Full Report



Today's Slides



Green Two-sided Handout



Evaluation Team

Carol Shaw, Project Lead

Lee Creighton, Program Evaluator

Sean Hamel, Senior Evaluator

Catherine Moga Bryant, Senior Evaluator

Pamela Taylor, Statistician

Larry Yates, Principal Evaluator



Overview: Our Charge

- NC Session Law 2011-145
 - Focus on all passenger and non-passenger vehicles
 - Follow-up study on state aircraft (March 2012)
- Final of three reports on state-owned motor vehicles
 - Overview of number, use, and costs
 - Management and oversight of passenger vehicles by the Division of Motor Fleet Management
 - **Management and oversight of vehicles owned by state agencies and institutions**

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Overview: Findings

1. North Carolina agencies and institutions owning 200 or more vehicles have not fully implemented fleet management best practices
2. Weak and diffuse oversight results in inefficient use of state-owned vehicles
3. State agencies and institutions own 614 passenger vehicles that should be transferred to the Department of Administration
4. Statewide oversight of all state-owned vehicles improves accountability and operational efficiency



Overview: Recommendations

1. Establish the new Division of Fleet Management to supervise the management and operation of all state-owned vehicles
2. Direct state agencies and institutions to transfer passenger vehicles to Department of Administration
3. Require all state-owned vehicles be marked to indicate state agency or institution ownership or assignment
4. Recodify and clarify state law for state-owned motor vehicles



Background



State-Owned Motor Vehicles

- Licensed highway-use motor vehicles purchased or leased by state agencies and institutions
- Fiscal Year 2010-11
 - 28,669 vehicles
 - \$182.7 million

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Fleet Management Best Practices

- Best practices are techniques, methods, and processes that have been demonstrated as effective means for state-owned motor vehicles
- Federal guidelines suggest fleets of about 200 or more owned units require full-time fleet supervision

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Findings



Finding 1.

North Carolina agencies and institutions owning 200 or more vehicles are not fully implementing fleet management best practices



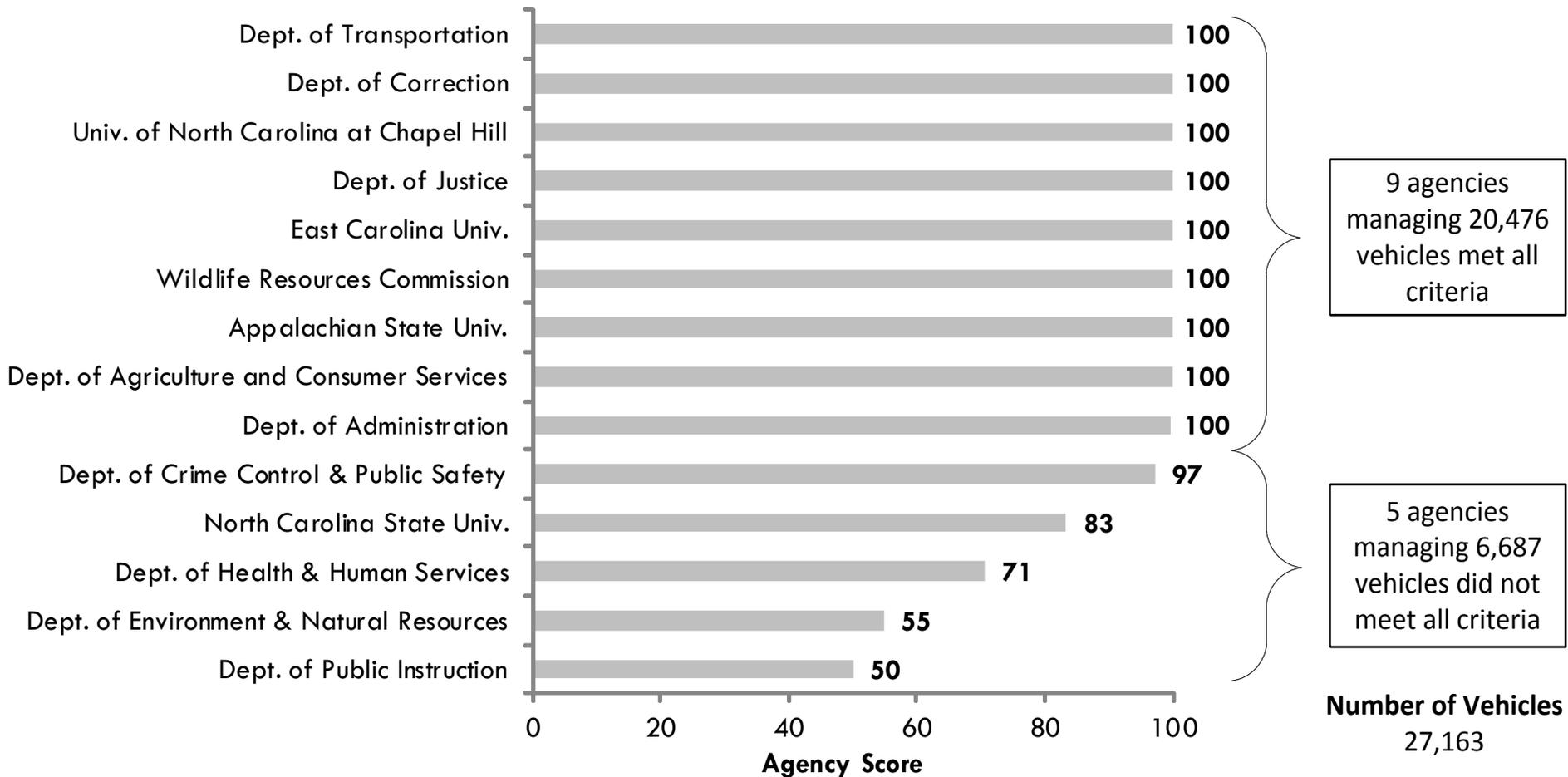
Best Practice Adherence Score

- Fleet management best practices
 - policies and procedures
 - management of vehicle utilization data
 - financial management
 - vehicle replacement and acquisition
- 14 state agencies and institutions owning more than 200 vehicles
- Adherence scores of 100 mean the agency met all criteria; below 100 indicates unmet criteria

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Category 1: Policies and Procedures



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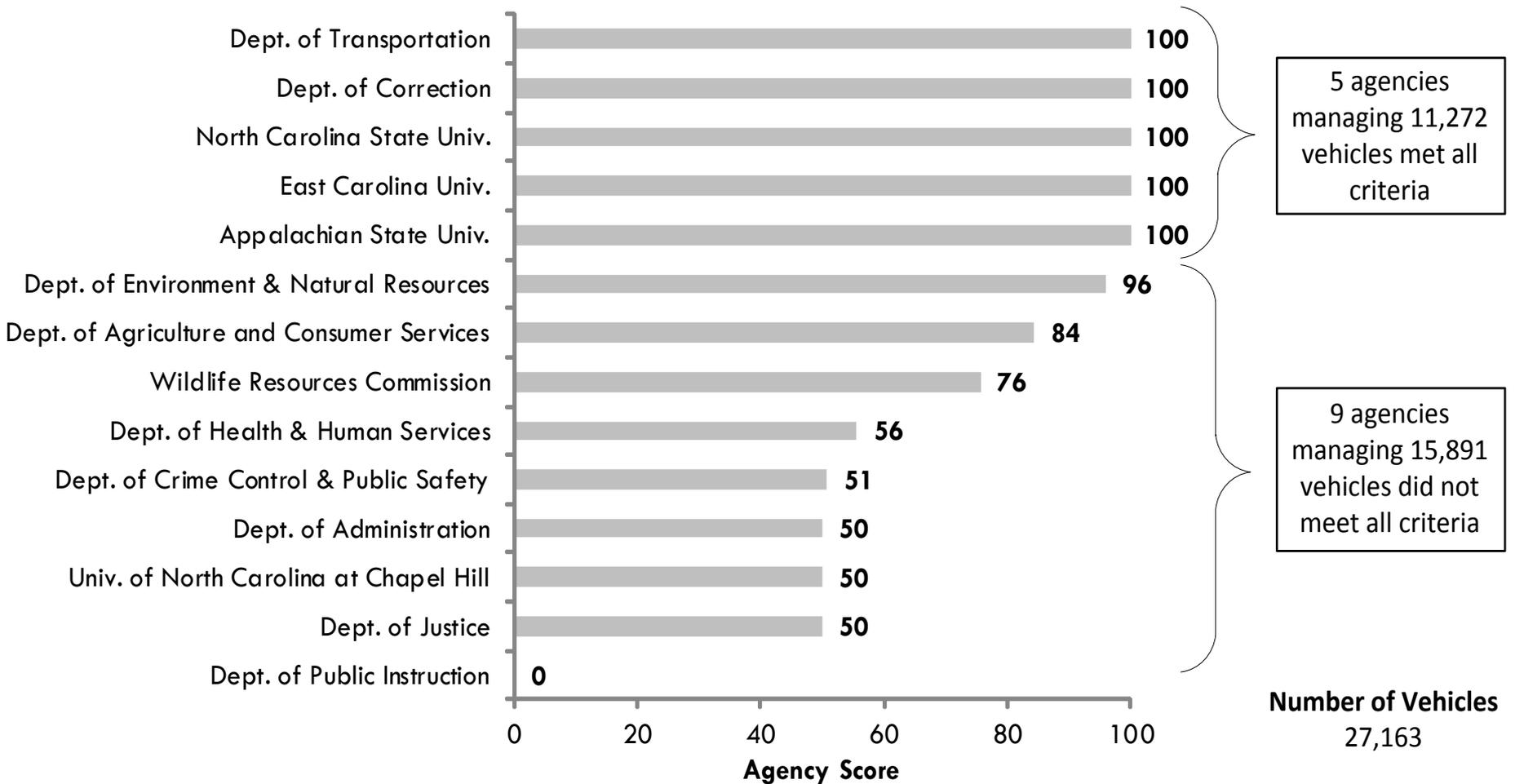
Category 1: Policies and Procedures

- Five Agencies and Institutions Did Not Have Written Policies and Procedures for All Vehicle
- Policies and procedures ensure vehicles are being operated and used appropriately and help hold users accountable
- A low score for indicated gaps in the existence of written policies and procedures across the agency

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Category 2: Management of Vehicle Utilization Data



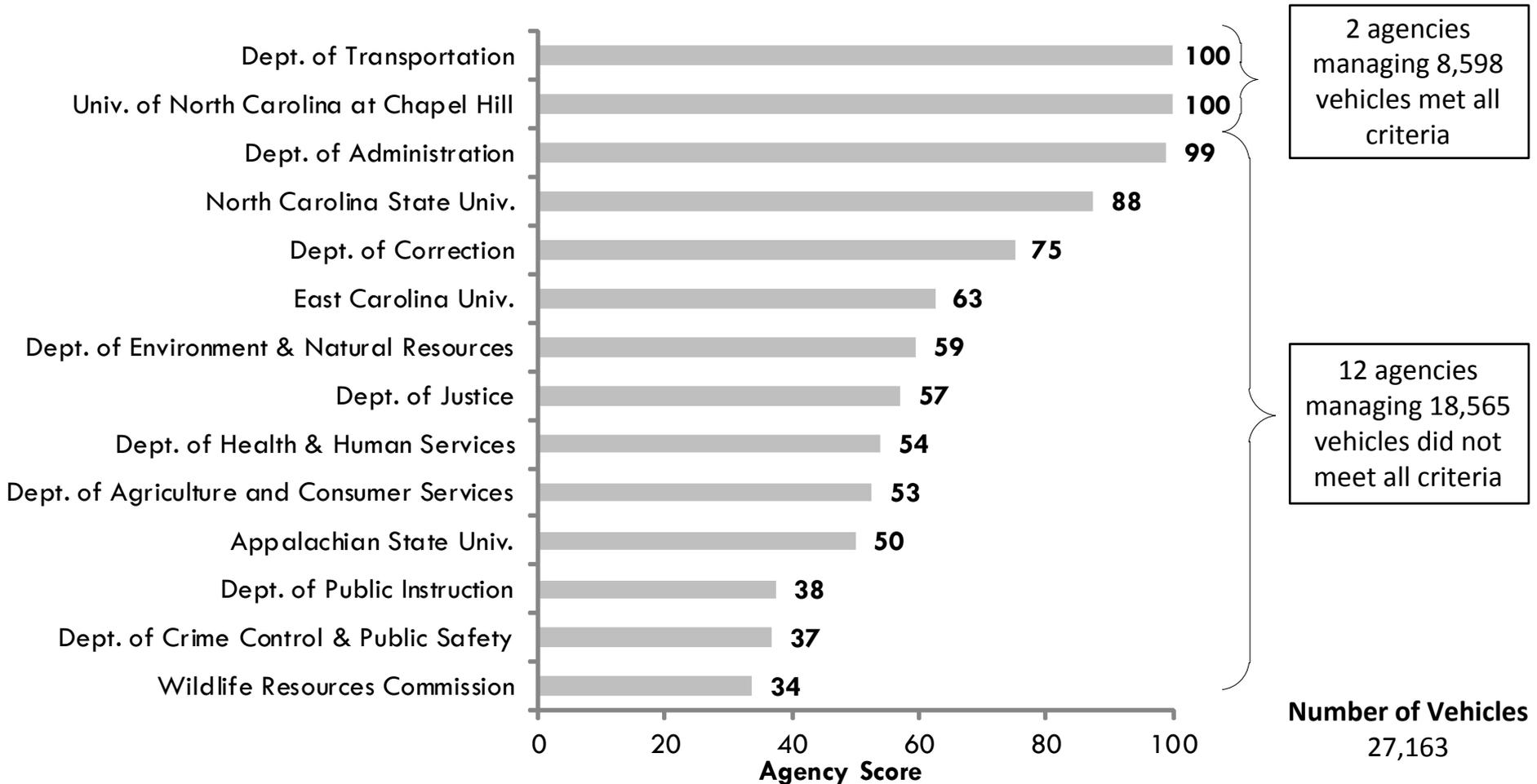
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Category 2: Management of Vehicle Utilization Data

- Nine Agencies and Institutions Did Not Have Adequate Vehicle Usage Data on All Vehicles
- Vehicle utilization data is necessary to determine the appropriate size and mix of a fleet
- Incomplete utilization data means agencies and institutions cannot determine whether they have the right number of vehicles to meet their business need

Category 3: Financial Management



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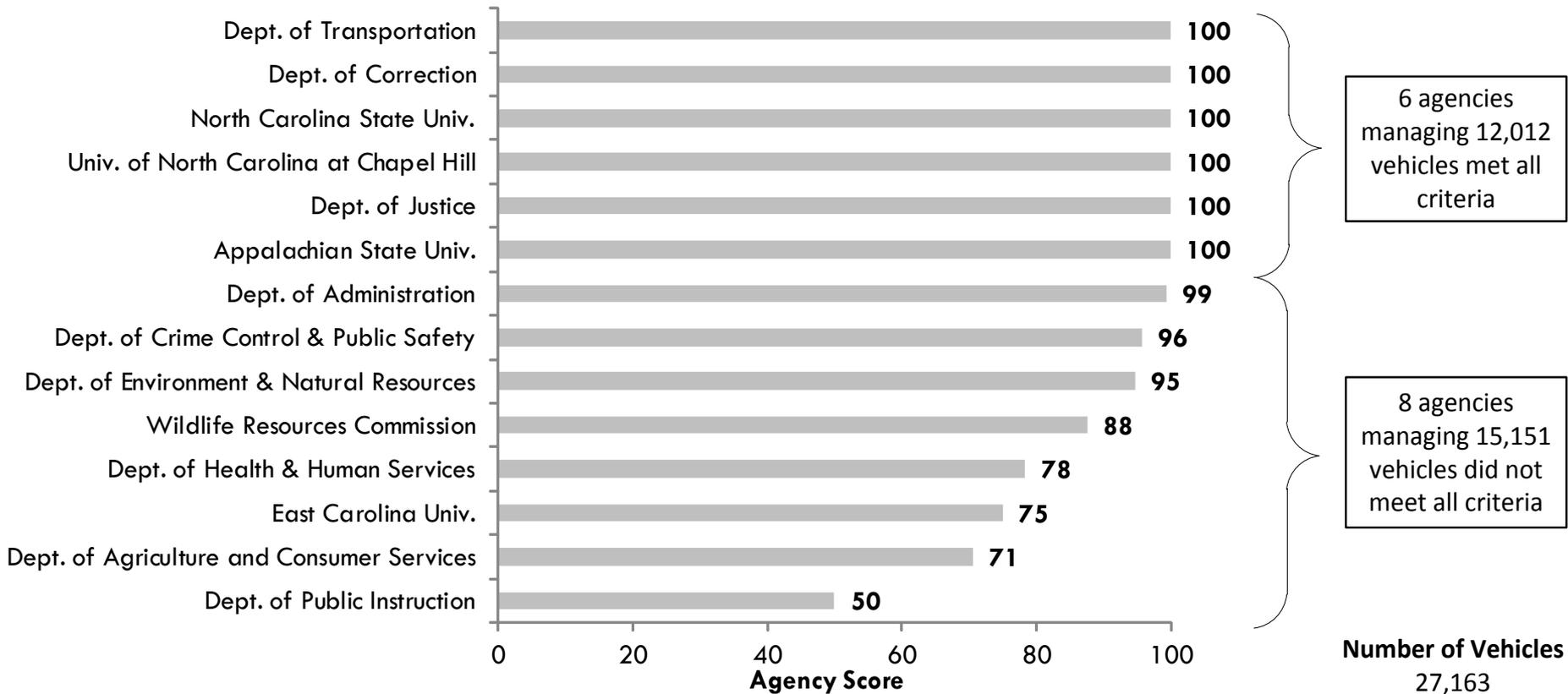


Category 3: Financial Management

- Knowing the full cost of vehicle ownership and operation is a best practice
- A cost recovery system tracks full cost of owning, operating, and managing a fleet
- Without adherence to financial management best practices agencies cannot monitor the full cost of their fleets or moderate user behaviors



Category 4: Vehicle Replacement and Acquisition



Category 4: Vehicle Replacement and Acquisition

- Developing a fleet replacement plan is important best practice and purchasing standardized vehicle types are best practices
- Without planning, state agencies and institutions do not know future requirements and cannot determine the budget requirements for vehicle replacement

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Most State Vehicles Are Not Managed and Overseen By Best Practices

- Only the Department of Transportation has fully implemented fleet management best practices
 - 7,879 vehicles
 - 29% of the vehicles owned by surveyed agencies
- 13 agencies do not fully implement best management practices
 - 19,284 vehicles
 - 71% of the vehicles owned by surveyed agencies

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Finding 2.
**Weak and diffuse oversight
results in inefficient use
of state-owned vehicles**



No Single Entity is Responsible for All State-Owned Vehicles

- Division of Motor Fleet Management (MFM) oversees state-owned passenger motor vehicles
- Non-passenger vehicles and vehicles owned by Butner Public Safety, State Bureau of Investigation, and State Highway Patrol are exempt from MFM authority
- Agencies with non-passenger and exempt vehicles manage their own vehicles
 - 65 individuals in 14 agencies
 - 19 within DHHS and 13 within DENR

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Commuting in State Vehicles is Done with Limited Oversight

- Agencies are not required to continuously monitor employee use of take-home vehicles
- Authorizing commuting based on job function may result in inefficient use of state-owned vehicles
- Use of take-home vehicles is a persistent public concern in other states' agencies

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Ill-defined Vehicle Identification Laws Weaken Accountability

- “State Owned” on the license plate and front of the vehicle
- Law does not require agencies to uniquely mark their vehicles as belonging to a specific agency

As a result

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Ill-defined Vehicle Identification Laws Weaken Accountability



No Standard for Addressing Employee Misuse of State-Owned Vehicles

- Response to vehicle misuse is decentralized across state agencies
- Diffusion of responsibility leads to inconsistent responses from agency to agency
- Relying on agencies alone doesn't provide sufficient accountability for state-owned vehicles



Finding 3.

State agencies and institutions own 614 passenger vehicles that should be transferred to the Department of Administration



State Law Requires Certain Agencies Transfer Passenger Vehicles to DoA

- Any automobile sedan, station wagon, pickup truck, four-wheel-drive utility vehicle, or passenger-type minivan
- State agencies own 614 sedans, sport-utility vehicles, and minivans
- Over half of these vehicles were reportedly used for travel to conduct official state business

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Finding 4.
**Statewide oversight of
state-owned vehicles improves
accountability and efficiency**



Centralized Fleet Management Improves Efficiency

- Three states: Georgia, Missouri, and Utah
- Fleet size and resources for centralized offices differ, but are similar in implementation of fleet management best practices
- Centralized fleet management and oversight in these states has resulted in increased efficiencies and other benefits



Problems with Vehicle Oversight in North Carolina

- No independent source of information for fleet size and cost
- Incomplete vehicle utilization information
- No statewide policies, procedures, or planning
- North Carolina lacks of statewide oversight to ensure efficient operation and management of state vehicles



Centralized Supervision Offers Solutions to State Fleet Management Problems

- Department of Administration is positioned to supervise all state-owned vehicles
- State agencies would still own their non-passenger vehicles
- Department of Administration would need additional resources but could be fee-supported





Recommendations



Recommendation 1.
The General Assembly should authorize the Department of Administration to supervise the management and operation of all vehicles owned by state agencies and institutions



New Division of State Fleet Management

- Manage and supervise the operation of state-owned passenger vehicles
- Supervise all vehicles owned by state agencies and institutions and provide technical assistance and guidance
- Five positions would cost an estimated \$400,000 and would be fee supported

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Agency Responsibilities

- Comply with policies and rules established by the new Division of State Fleet Management
- Maintain and report information about vehicles
- Develop replacement plans and submit acquisition requests for approval
- Pay fees required by the new Division of State Fleet Management

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Recommendation 2.

The General Assembly should direct state agencies and institutions that reported owning passenger vehicles to transfer these vehicles to the Department of Administration



Transfer Passenger Vehicles

- Direct agencies and institutions to comply with state law and transfer the reported passenger vehicles to the Department of Administration
- Report to the Joint Legislative Committee on Governmental Operations the status of the passenger vehicle transfer on or before November 15, 2012

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Recommendation 3.

The General Assembly should amend appropriate statutes to require all state-owned vehicles be marked to indicate state agency or institution ownership or assignment



State-Owned Vehicles Must Be Clearly Marked

- Require marking of all state-owned vehicles on the rear bumper with a sticker that indicates agency or institution ownership or assignment
- Department of Administration should set standards for the stickers visibility, naming conventions, and contact information

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Recommendation 4.
**The General Assembly should
recodify and clarify state law for
state-owned motor vehicles**



Clarify Laws for State-Owned Vehicles

- Recodify the statutes for state-owned vehicles to establish the new Division of State Fleet Management
- Define passenger and non-passenger vehicles
- Establish a single statute that encompasses all aspects of fleet management and operation

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Summary

1. North Carolina agencies and institutions owning 200 or more vehicles have not fully implemented fleet management best practices
2. Weak and diffuse oversight results in inefficient use of state-owned vehicles
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Summary

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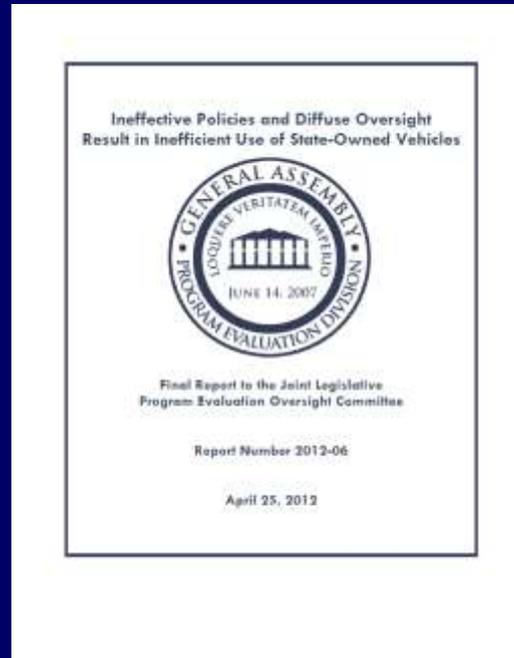


Legislative Options

- The committee may endorse any of these recommendations for action
- May instruct staff to draft legislation or take other actions



**Report available online at
www.ncleg.net/PED/Reports/reports.html**



Sean P. Hamel

Sean.hamel@ncleg.net